

Testimony of Congressman John Bocchieri
House Ways and Means Committee
September 15, 2010
Full Committee Hearing on “China’s Exchange Rate Policy”
1100 Longworth House Office Building at 10:30 AM

Thank you Chairman Levin and Ranking Member Camp for the opportunity to address the committee today on this very important issue.

I am here today to put a face on the human toll China’s unfair currency policy has on U.S. businesses and workers.

U.S. Manufacturing is the foundation of America’s economic strength and our national security. But for decades, policies like NAFTA encouraged the shipping of these jobs overseas. American workers are playing a rigged game against foreign competitors who are not held to U.S. standards and who receive substantial support from their host countries. As this happens year after year, Congress continues to do nothing.

Of all of the unfair trade practices driving the loss of jobs in my district and the Midwest, China’s currency policy is among the worst. By artificially undervaluing its currency, the Chinese government subsidizes all Chinese exports 25 to 40 percent and places the equivalent of a 25- to 40-percent tax on imports of goods made in the United States. This policy directly resulted in the loss of between 1.5 million and 3 million American manufacturing jobs, while our trade deficit with China has grown to over \$220 billion dollars a year. Enough is enough. America must embrace a policy where we grow it, build it and assemble it here in America. Let’s make it in America again. We cannot continue these policies in the face of such a direct attack on our communities and our way of life.

As I travel through my district, it is a stark reminder we are losing more than jobs – the rapid erosion of manufacturing jobs is causing the middle class and hundreds of communities to disappear, as well as threatening our national security.

In North Canton, Ohio, The Hoover Company was forced to send 3,200 jobs in my district other countries. The empty factory there reminds our shrinking middle class how they lost their jobs through no fault of their own.

The City of Canton also lost hundreds of jobs when Hercules Engine Company decided to move out of America and manufacture elsewhere.

Since I took office, workers from at least 8 companies in my district, including employees at IAC Canton, LLC in Canton, ASC Industries in North Canton and PCC Airfoils and Kelly Services in Minerva qualified for trade adjustment assistance.

This is happening all over Ohio and America. According to the Economic Policy Institute, 2.4 million jobs were lost or displaced between 2001 and 2008 due to growing

trade deficits. Ohio has lost over 91,000 jobs due to trade deficits with China alone and in total has lost over 183,000 manufacturing jobs since 2005.

We don't have to stand by and watch our jobs go overseas – we have trade laws on the books and in Congress to ensure fair, honest trade benefitting U.S. manufacturing. For example, President Obama's enforcement of the trade laws in the rubber industry actually led to an increase in domestic employment and tire production. Since we began taking aggressive action against dumping, U.S. tire factory production rose over 15 percent, or by more than 10 million tires. As a result, nearly 500 new workers were hired in the tire industry and overtime increased at 20 percent in Goodyear plants and 15 percent in Michelin plants.

This is not a partisan issue – both business and labor, Democrats and Republican should support taking strong action to make sure American exporters play on an even field with the rest of the world. The Chinese, Brazilians or Indonesian are not going to look out for our interests – we must adopt policies fair to American workers and American businesses.

We need to take the same aggressive approach to currency manipulation we use to fight against dumping and other unfair trade practices. I am currently one of 133 bipartisan cosponsors of H.R. 2378, the Currency Reform for Fair Trade Act, which would direct the U.S. Department of Commerce to treat currency undervaluation as a prohibited subsidy. This legislation is designed to be consistent with our obligations under the WTO, and is a perfect example of the type of action we need to force China to play by the same rules as U.S. businesses.

We need to begin aggressively enforcing existing U.S. trade policies before there is no American manufacturing sector left. If we don't grow it, build it or assemble it here in America, how can we defend America?

As Chairman Levin himself said in announcing this hearing, "There is no real question that China's deliberately undervalued exchange rate is unfair, contributes to global trade imbalances, and costs the United States jobs and economic growth, particularly in the manufacturing sector."

China is protecting their country and we must protect ours. Let's make it in America. Let's protect free markets to interact fairly. But let's always remember we must protect American workers and businesses. When the Chinese currency floats, trade is fairer for all countries. We have the power today to break this destructive cycle. I urge this Committee and this Congress to take action to protect our nation's economic future and the livelihood of millions of middle class families.

Thank you for the opportunity to address the committee today on behalf of America's workers and American manufacturing.

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